



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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David A. Vaudt, CPA
Auditor of State

NEWS RELEASE

FOR RELEASE

June 18, 2010

Contact: Andy Nielsen
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Auditor of State David A. Vaudt today released a report on the Office of Secretary of State for the year ended June 30, 2009.

The Secretary of State is the State Elections Commissioner, directs the State Land Office and commissions Iowa notaries public. In addition, the Office of Secretary of State receives and processes various reports and the related fees required of corporations, borrowers and lenders.

A copy of the report is available for review in the Office of Secretary of State, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/index.html>.

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**REPORT OF RECOMMENDATIONS TO THE
OFFICE OF SECRETARY OF STATE**

JUNE 30, 2009

Office of
**AUDITOR
OF STATE**

State Capitol Building • Des Moines, Iowa



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June 11, 2010

To the Honorable Michael A. Mauro,
Secretary of State:

The Office of Secretary of State is a part of the State of Iowa and, as such, has been included in our audits of the State's Comprehensive Annual Financial Report (CAFR) and the State's Single Audit Report for the year ended June 30, 2009.

In conducting our audits, we became aware of certain aspects concerning the Office of Secretary of State's operations for which we believe corrective action is necessary. As a result, we have developed recommendations which are reported on the following pages. We believe you should be aware of these recommendations, which include those reported in the State's Single Audit Report, as well as other recommendations pertaining to the Office's internal control and compliance with statutory requirements and other matters. These recommendations have been discussed with Office personnel and their responses to these recommendations are included in this report. While we have expressed our conclusions on the Office's responses, we did not audit the Office of Secretary of State's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the Office of Secretary of State, citizens of the State of Iowa and other parties to whom the Office of Secretary of State may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Office during the course of our audits. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience. Individuals who participated in our audits of the Office of Secretary of State are listed on page 7 and they are available to discuss these matters with you.

A handwritten signature in black ink, reading "David A. Vaudt".

DAVID A. VAUDT, CPA
Auditor of State

A handwritten signature in black ink, reading "Warren G. Jenkins".

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

cc: Honorable Chester J. Culver, Governor
Richard C. Oshlo, Jr., Director, Department of Management
Glen P. Dickinson, Director, Legislative Services Agency

Office of Secretary of State

Report of Recommendations to the Office of Secretary of State

Schedule of Findings

June 30, 2009

Findings Reported in the State's Single Audit Report:

CFDA Number: 90.401 – Help America Vote Act Requirements Payments

Agency Number: None

Federal Award Year: 2003, 2004

State of Iowa Single Audit Report Comment: 09-III-EAC-635-1

Grant Management – The U.S. Election Assistance Commission, Office of Inspector General (OIG) has conducted a performance audit related to the administration of payments received under the Help America Vote Act for federal fiscal years 2003 through 2008. A report was issued in September 2009 by the Office of Inspector General is pending resolution.

Response and Corrective Action Planned – Department response not requested.

Findings Reported in the State's Report on Internal Control:

No matters were noted.

Report of Recommendations to the Office of Secretary of State

Schedule of Findings

June 30, 2009

Other Findings Related to Internal Control:

Segregation of Duties – During our review of the internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the Office's financial statements. During the year ended June 30, 2009, one person provided the initial approval, acted as certifier and preaudited the document for four of 40 documents tested.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Office should review the operating procedures to obtain the maximum internal control possible under the circumstances. Current personnel should be utilized to provide additional control through review of financial transactions, reconciliations and reports. One person should not be allowed to provide the initial approval and preaudit the same document.

Response – As a result of the finding and discussions with the Office of Auditor of State's staff, the Office of Secretary of State has established new procedures. One individual will no longer have the ability to provide the initial approval and preaudit the same document.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

Unclaimed Property – Chapter 556.11 of the Code of Iowa requires each state agency to report and remit obligations, including checks, outstanding for more than two years to the Treasurer of State annually. The Office of Secretary of State did not remit these obligations as required.

Recommendation – The outstanding checks should be reviewed annually and items over two years old should be remitted to the Treasurer of State as required by the Code of Iowa.

Response – The Office is in the process of submitting items over two years old to each customer's state.

Conclusion – Response accepted.

Report of Recommendations to the Office of Secretary of State

June 30, 2009

Staff:

Questions or requests for further assistance should be directed to:

Pamela J. Bormann, CPA, Manager
Dorothy O. Stover, CPA, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Jessica P.V. Green, Assistant Auditor
Gabriel M. Stafford, CPA, Assistant Auditor